

1 **\$1422**

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16 *Attorneys for Plaintiff Somerset Owners Association*

17 **IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**

18 **IN AND FOR THE COUNTY OF WASHOE**

19 SOMERSETT OWNERS ASSOCIATION, a
20 Nevada non-profit corporation;

21 Plaintiff,

22 vs.

23 SOMERSETT COUNTRY CLUB, INC., a
24 Nevada non-profit corporation dba
25 SOMERSETT GOLF AND COUNTRY
26 CLUB; JOHN DOES I-X, inclusive; and ROE
27 CORPORATIONS I-X, inclusive;

28 Defendants.

Case No.:

Dept. No.:

COMPLAINT

Exempt from Arbitration:

-Excess of \$50,000.00

-Specific Performance Requested

-Declaratory Relief Requested

29 Plaintiff SOMERSETT OWNERS ASSOCIATION, by and through its attorneys Wolf,

30 Rifkin, Shapiro, Schulman & Rabkin, LLP, complains and alleges against Defendant

31 SOMERSETT COUNTRY CLUB, INC., dba SOMERSETT GOLF AND COUNTRY CLUB as

32 follows:

33 **PARTIES**

34 **A. PLAINTIFF**

35 1. Plaintiff SOMERSETT OWNERS ASSOCIATION (hereinafter, the
36 “Association” or “Plaintiff”), at all times herein mentioned, is and was incorporated as a

37 domestic non-profit Nevada corporation with its principal place of business in Washoe County,

1 Nevada as a common-interest community governed by Nevada Revised Statute (hereinafter,
2 “NRS”) Chapter 116.

3 2. The Association is comprised of owners of single family residential units and
4 common areas, including but not limited to, improvements, appurtenances, common areas, and
5 structures built and existing upon certain parcels of real property, all as more specifically
6 described in the Second Amended and Restated Declaration of Covenants, Conditions and
7 Restrictions recorded on March 3, 2005 in the Official Records of Washoe County, Nevada, and
8 any amendments thereto (hereinafter, the “CC&Rs”).

9 3. By the terms of the CC&Rs and pursuant to NRS Chapter 116 of the Common-
10 Interest Ownership Act, and specifically including NRS 116.3102, the Association is granted the
11 general authority and responsibility to bring the herein stated action in its own name, on behalf
12 of the units’ owners within the Association, and hereby asserts and exercises such authority and
13 responsibility as to the claims related to the Property identified herein.

14 4. According to the CC&Rs, the Association has the right and duty to manage,
15 operate, control, repair, replace, and restore the Association, including the right to enter into
16 contracts to accomplish its duties and obligations, and has all of the powers necessary to carry
17 out its rights and obligations, including the right, duty, and power to contract for legal services to
18 prosecute any action affecting the Association and/or its homeowners when such action is
19 deemed by it necessary to enforce its powers, rights, and obligations, including the bringing of
20 this action.

21 **B. DEFENDANTS**

22 5. Plaintiff is informed and believes, and based thereon alleges, that Defendant
23 SOMERSETT COUNTRY CLUB, INC., dba SOMERSETT GOLF AND COUNTRY CLUB
24 (hereinafter, the “Club” or “Defendant”) at all times herein mentioned is, was, and continues to
25 be incorporated as a domestic non-profit Nevada corporation with its principal place of business
26 in Washoe County, Nevada.

27 6. The true names and capacities of Defendants JOHN DOES I-X and ROE
28 CORPORATIONS I-X are unknown to Plaintiff. Therefore, Plaintiff sues those Defendants by

1 such fictitious names. Plaintiff alleges on information and belief that each of the Defendants
2 designated as a DOE is a partner, officer, director, manager employer, or employee, or is in some
3 manner associated with one or more of the Defendants, and is responsible in some manner for
4 the events referred to herein. Plaintiff alleges on information and belief that each of the ROE
5 CORPORATIONS is an entity that is a parent, sibling, manager, subsidiary, partner, shareholder,
6 or alter ego of, or in some manner associated with, one or more of the Defendants, and is
7 responsible in some manner for the events referred to herein. Plaintiff will ask leave of this
8 Court to amend its Complaint to insert the true names and capacities of these Defendants, and to
9 join such Defendants in this action when such names have been ascertained by Plaintiff.

10 **JURISDICTION AND VENUE**

11 7. Jurisdiction is proper in Washoe County, Nevada because at all relevant times,
12 Defendant did business in Washoe County, Nevada.

13 8. Jurisdiction is proper in Washoe County, Nevada because substantial events
14 pertaining to the claims herein took place in Washoe County, Nevada.

15 9. Venue is proper in Washoe County, Nevada because acts giving rise to the claims
16 herein occurred within this judicial district, and Defendant regularly conducts business in and has
17 engaged and continues to engage in the wrongful conduct alleged herein within this judicial
18 district.

19 **GENERAL ALLEGATIONS**

20 **A. THE AGREEMENTS**

21 10. On or about August 18, 2014, the Association and the Club entered into a Real
22 Property Purchase Agreement (hereinafter, the "Purchase Agreement") with the Club as Seller
23 and the Association as Buyer.

24 11. Pursuant to the Purchase Agreement, the Club sold, and the Association
25 purchased, approximately 220 acres of golf course/green space (hereinafter, the "Property" or the
26 "Premises") situated in the City of Reno, County of Washoe, State of Nevada.

27 12. As a material part of the Purchase Agreement, in Section 9A, the Club agreed to,
28 in part, warranty the Premises and its condition for four years, and agreed to promptly and

1 diligently repair damage to or destruction of all or any part of the Property.

2 13. Section 9A of the Purchase Agreement specifically provided:

3 9A. FOUR YEAR WARRANTY; AS IS PROVISION. Seller
4 shall (at its sole expense) promptly and diligently repair, restore
5 and replace as required to maintain or to remedy all damage to or
6 destruction of all or any part of the Property including capital
7 expenditures. Seller shall (at its sole expense) maintain the
8 Improvements located on the Property to standards reasonably
9 agreed with Buyer and consistent with maintaining the quality,
10 functionality, usefulness of the Property as a championship golf
11 course and country club. The completed work of maintenance,
12 compliance, repair, restoration or replacement shall be equal in
13 value, quality and use to the condition of the Improvements before
14 the event giving rise to the work, except as provided to the
15 contrary herein as may be required by applicable law. Seller's
16 maintenance and repair obligations hereunder shall continue for
17 four (4) years after the Close of Escrow (the '**Warranty Period**'),
18 and this 4 year covenant to maintain and repair the Property shall
19 survive the Close of Escrow. Notwithstanding the foregoing,
20 Seller's maintenance and repair obligations during the Warranty
21 Period shall not apply to routine landscaping maintenance (e.g.
22 grass cutting) or the extent of Buyer's misuse of the Property.
23 Except as expressly set forth in **Section 9** and except for the four
24 (4) year warranty described above, Buyer is purchasing the
25 Property "AS IS" and "WHERE IS", and with all faults, and Seller
26 makes no representations or warranties, whether express or
27 implied, by operation of law or otherwise, with respect to the
28 quality, physical condition or value of the Property, the compliance
of the Property with applicable building or fire codes or other laws
or regulations. Except as expressly set forth in **Section 9**, Buyer
agrees that Seller is not liable or bound by any guarantees,
promises, statements, representations or information pertaining to
the Property made or furnished by Seller or any agent, officer,
director, employee or other person representing or purporting to
represent Seller."

20 14. On or about February 25, 2015, the Association and the Club entered into a
21 Commercial Lease (hereinafter, the "Lease") with the Association as Landlord and the Club as
22 Tenant.

23 15. Pursuant to the Lease, the Association leased the Premises back to the Club for a
24 term of fifty (50) years, beginning February 25, 2015.

25 16. As a material part of the Lease, the Club as tenant and vendor agreed to
26 maintenance obligations contained therein.

27 17. As a material part of the Lease, pursuant to Section 8.1, the Club agreed to (at its
28 sole expense) promptly and diligently repair, restore, and replace as required to maintain or to

1 remedy all damage to or destruction of all or any part of the Premises.

2 18. Section 8.1 and 8.2 of the Lease specifically provided:

3 8.1 General Tenant Obligation. Subject to Section 7 above, and
4 except as provided in Section 8.2, Tenant shall (at its sole expense)
5 promptly and diligently repair, restore and replace as required to
6 maintain or to remedy all damage to or destruction of all or any
7 part of the Premises and the Tenant Property including capital
8 expenditures. Tenant shall (at its sole expense) maintain the
9 Improvements located on the Premises to standards reasonably
10 agreed with Landlord and consistent with maintaining the quality,
11 functionality, and usefulness of the Premises as a championship
12 golf course and country club. Regarding landscaping, Tenant shall
13 follow the maintenance criteria set forth on Exhibit B attached
14 hereto. The completed work of maintenance, compliance, repair,
15 restoration or replacement shall be equal in value, quality and use
16 to the condition of the improvements before the event giving rise
17 to the work, except as provided to the contrary herein or as may be
18 required by applicable law. Landlord's election to perform any
19 obligation of Tenant under this Section following an Event of
20 Default shall not constitute a waiver of any right or remedy for
21 Tenant's default and Tenant shall promptly reimburse, defend and
22 indemnify Landlord against all liability, loss, cost and expense
23 arising from it. Nothing in this Section defining the duty of
24 maintenance shall be construed as limiting any provisions in this
25 Lease relating to condemnation or to damage or destruction during
26 the Term. No deprivation, impairment or limitation of use
27 resulting from any event a work contemplated by this Section shall
28 entitle Tenant to any abatement, reduction or setoff in rent nor to
any termination or extension of the Term. Tenant's maintenance
and repair obligations shall continue for the entire term of the
Lease; provided, however, in the event that this Lease is
terminated, Tenant's maintenance and repair obligations for the
Premises shall nevertheless continue for four (4) years after the
Commencement Date (the 'Warranty Period'), and this 4 year
covenant to maintain and repair the Premises shall survive the
termination of this Lease. Notwithstanding the foregoing, in the
event this Lease has terminated, Tenant's maintenance and repair
obligations during the Warranty Period shall not apply to routine
landscaping maintenance (e.g. grass cutting) or to the extent of
Landlord's misuse of the Premises.

8.2 Landlord Obligation. Landlord shall have no obligation to
alter, remodel, improve, repair, decorate or paint the Premises,
including, but not limited to, the structural portions of the roof,
foundation and walls of the Premises. Tenant hereby expressly
waives the right to make repairs at Landlord's expense as may be
provided under Nevada law.

19. As an additional material part of the Lease, the Club agreed to a broad indemnity
of the Association, providing:

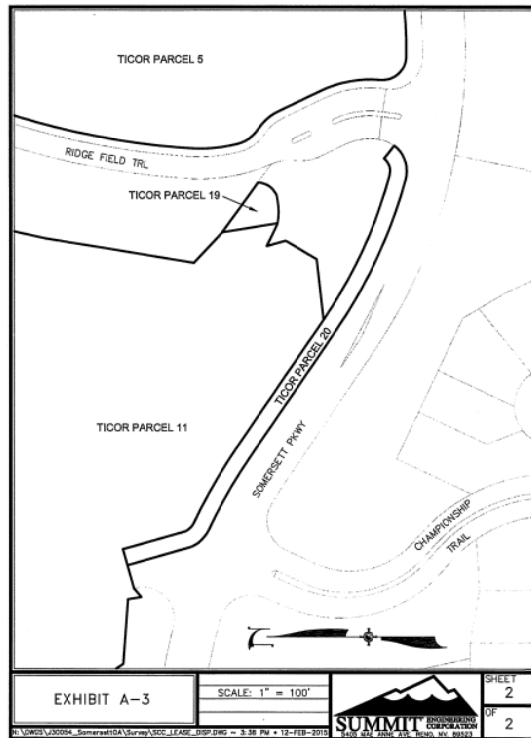
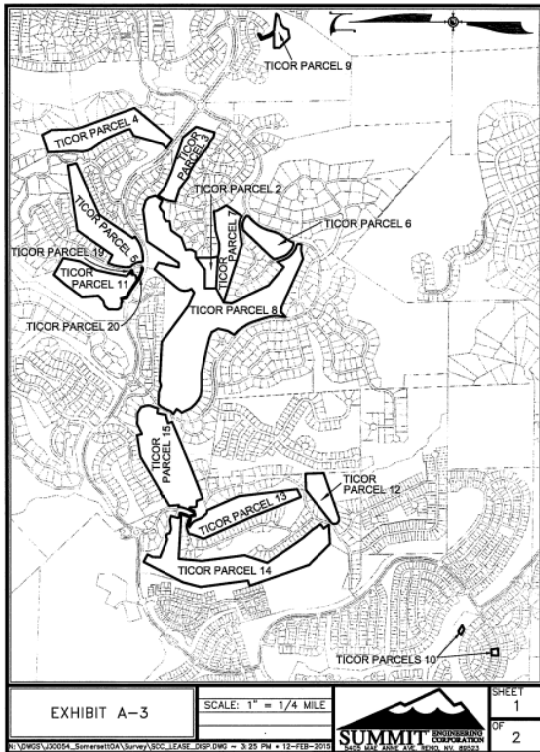
None of the Landlord Entities shall be liable and Tenant hereby

Photos of the Damaged Area:



21. The Damaged Area is part of the Property purchased by the Association from the Club pursuant to the Purchase Agreement, and leased back to the Club by the Association pursuant to the Lease.

Exhibit A-3 to the Lease:



1 **C. REQUEST TO REPAIR**

2 22. Upon learning of the damage to the Damaged Area, the Association requested that
3 the Club, as the seller, vendor, and warranty provider of the Property, and as the occupying
4 tenant of the property, repair and replace the Damaged Area in accordance with the Purchase
5 Agreement and Lease.

6 23. The Club failed to repair the Damaged Area.

7 24. The Association, in accordance with the Purchase Agreement and the Lease,
8 provided written notice and ample opportunity for the Club to cure its failure to comply with the
9 terms of the Purchase Agreement and the Lease.

10 25. Even after being given additional written notice and ample opportunity, the Club
11 did not repair the Damaged Area.

12 26. On or about October 27, 2017, the Association issued a letter to the Club
13 representatives (hereinafter, the “October 27, 2017 letter”), which served as a notice to cure the
14 Club’s failure to comply with the terms of the Purchase Agreement and the Lease.

15 27. Pursuant to the Purchase Agreement and the Lease, the Club was responsible for
16 the repair and/or replacement of the Damaged Area.

17 28. Pursuant to the Four Year Warranty provision included in the Purchase
18 Agreement, the Club’s maintenance and repair obligations were to continue for four (4) years
19 after the close of escrow.

20 **D. CONTINUING BREACH, TOLLING, AND REPAIR BY ASSOCIATION**

21 29. The Association retained Kane Geotechnical/Construction Material Engineers,
22 Inc. (hereinafter, “CME”), and requested that CME publish a report (hereinafter, the “CME
23 Report”) explaining the causes of damage in the Damaged Area.

24 30. On or about November 7, 2017, the Association issued an additional letter to the
25 Club representatives (hereinafter, the “November 7, 2017 letter”) stating that it is waiting for
26 CME’s analysis and findings of the Damaged Area, which would be published in the CME
27 Report. The Association also extended commencement of any cure periods.

28 31. Shortly after the Association issued its November 7, 2017 letter to the Club

1 representatives, it became readily apparent that the Club did not have the funds, the intention, or
2 the ability to repair and/or replace the Damaged Area.

3 32. Between November of 2017 and January of 2018, the Club did not make any
4 efforts to repair and or replace the Damaged Area, or seek any extension of time to do so.

5 33. On or about December 2017, in accordance with Section 21.4 of the Lease, which
6 states that the Association “may (but shall not be obligated to) cure such default at [the Club’s]
7 sole expense. . .” the Association commenced repairs on the Damaged Area.

8 34. On or about February 6, 2018, the Association issued a letter to the Club
9 representatives (hereinafter, the “February 6, 2018 letter”), which reiterated the fact that the
10 Association commenced repairs to the Damaged Area and provided the projected costs of same.

11 35. The Association requested payment of the costs incurred to repair and replace the
12 Damaged Area in accordance with the terms of the Purchase Agreement and the Lease.

13 36. Initial repairs to the Damaged Area were completed on or about December 2017.

14 37. The Association incurred expenses in excess of fifteen thousand dollars
15 (\$15,000.00) as a result of the repairs to the Damaged Area.

16 38. The Club made no payments to the Association.

17 39. Pursuant to the Purchase Agreement and the Lease, the Club is required to pay the
18 Association for the damage and reasonable repairs, plus interest and expenses as contained in the
19 agreements between the parties.

20 40. The Club is further liable for interest, penalties, and other fees, charges, and/or
21 costs that continue to accrue. The Association reserves the right to present and demand
22 additional interest, penalties, and other fees, charges, and/or costs at the time of trial or judgment.

23 41. Although demand therefor has been made, no payments have been paid to the
24 Association, and the principal as well as interest, penalties, and/or other fees, charges, and/or
25 costs accrued up to and until the time of trial or judgment is now due to the Association by the
26 Club.

27 42. Between 2017 and present, the Association and the Club, through their respective
28 boards, entered into numerous tolling agreements and made efforts to reach a negotiated

1 resolution to no avail.

2 **E. THE WELL AND THE PUMP**

3 43. In 2008, a 228 HP VFD pump (hereinafter, the “Original Pump”) was installed in
4 a well located on the Property.

5 44. On or about February 25, 2015, the Association and the Club entered into a Water
6 Facilities Agreement.

7 45. Pursuant to the Water Facilities Agreement, the Club was responsible for, in part,
8 operation of the Water Facilities on the Property, as defined therein (Section 3.1(a)); ensuring
9 that the Water Rights, as defined therein, are used so that they are kept in good standing and not
10 subject to forfeiture or abandonment for non-use (Section 3.1(d)); managing the Water Rights
11 (Section 3.2(a)); operating the Water Facilities in a continual, diligent, and prudent manner, and
12 as reasonably requested by the non-operating party so as to provide irrigation water by and
13 through such facilities for application as described therein (Section 3.2(b)).

14 46. Pursuant to the Water Facilities Agreement and the Lease, the Club was required
15 to complete all work of maintenance, compliance, repair, restoration, or **replacement** with equal
16 value, quality, and use.

17 47. Upon information and belief, the Original Pump was capable of exceeding a 400
18 gallons per minute (hereinafter, “gpm”) flow of water in the well.

19 48. In 2017, the Original Pump had to be replaced.

20 49. Pursuant to the Water Facilities Agreement and the Lease, the Club was
21 responsible for replacing the Original Pump.

22 50. However, in 2017, the Club installed a 60 HP pump (hereinafter, the “New
23 Pump”) in the well.

24 51. Upon information and belief, the New Pump was only capable of pumping
25 approximately a 120 gpm flow of water in the well.

26 52. The Association provided the Club written notice and opportunity to cure the
27 default in accordance with the Purchase Agreement, Lease, and Water Facilities Agreement.

28 53. The Club has failed to replace the New Pump, and accordingly has breached the

1 terms, provisions, and covenants of Lease and the Water Facilities Agreement.

2 54. From the time that the Club replaced the Original Pump, the Association and the
3 Club made efforts to reach a negotiated settlement in good faith, but to no avail.

4 55. Pursuant the Purchase Agreement, Lease, and Water Facilities Agreement, the
5 Club serves mutual roles, including that of seller, tenant, and vendor responsible for maintenance
6 and repair obligation(s).

7 56. The Association herein commences this civil action, in part, to protect the health,
8 safety, and welfare of the members of the Association.

9 **FIRST CAUSE OF ACTION**

10 **(Breach of Contract)**

11 57. Plaintiff repeats and re-alleges, and incorporates by reference, all prior paragraphs
12 of this Complaint as though fully set forth herein.

13 58. The Parties entered into valid contracts—the Purchase Agreement, the Lease, and
14 the Water Facilities Agreement.

15 59. The Association performed all of the duties and obligations required of it under
16 the Purchase Agreement, the Lease, and the Water Facilities Agreement.

17 60. The Club failed to perform the terms, provisions, and covenants required by it in
18 accordance with both the Purchase Agreement and the Lease, including failing to repair/replace
19 the Damaged Area, and failing to reimburse the Association the entire amount of the expenses
20 incurred to repair the Damaged Area and the related fees to cure the default under the Purchase
21 Agreement and the Lease.

22 61. Further, the Club failed to perform the terms, provisions, and covenants required
23 by it in accordance with the Water Facilities Agreement, including failing to replace the Original
24 Pump with a pump that is equal in value, quality, and use, which will have reverberating effects
25 on different rights and capabilities.

26 62. Accordingly, the Club is in breach of the Purchase Agreement, the Lease, and the
27 Water Facilities Agreement.

28 63. The Club's breach and failure of performance was unexcused.

1 of this Complaint as though fully set forth herein.

2 80. The Association has conferred a benefit and provided to the Club, the complete
3 repair of the Damaged Area on the Property at the Association's expense.

4 81. The Club accepted and retained the benefit without the repayment of the value for
5 the same.

6 82. Notwithstanding demand therefor by the Association, the Club has refused, and
7 continues to refuse, to reimburse the Association the entire amount of the expenses incurred to
8 repair the Damaged Area and the related fees to cure the default under the Purchase Agreement
9 and the Lease.

10 83. Based upon these facts and circumstances, and without limitation to other and
11 further proof, it would be inequitable and unjust for the Club to have received the benefit and
12 value without reimbursing the Association the reasonable value thereof.

13 84. As a direct and proximate result of the acts of the Club as set forth above, the
14 Association has been damaged in excess of fifteen thousand dollars (\$15,000.00), exclusive of
15 costs and interest, in an amount to be determined according to proof adduced at trial.

16 85. The Association has further been required to retain the services of an attorney to
17 prosecute this action on its behalf, and as such, is entitled to attorneys' fees and costs incurred in
18 prosecuting this matter.

19 **FIFTH CAUSE OF ACTION**

20 **(Equitable Relief / Specific Performance)**

21 86. Plaintiff repeats and re-alleges, and incorporates by reference, all prior paragraphs
22 of this Complaint as though fully set forth herein.

23 87. Aside from the Club's obligations under the Lease, pursuant to the Water
24 Facilities Agreement, the Club is responsible for, under certain and definite terms, the operation
25 of the Water Facilities, as defined therein (Section 3.1(a)); ensuring that the Water Rights, as
26 defined therein, are used so that they are kept in good standing and not subject to forfeiture or
27 abandonment for non-use (Section 3.1(d)); managing the Water Rights (Section 3.2(a));
28 operating the Water Facilities in a continual, diligent and prudent manner and as reasonably

1 requested by the non-operating party so as to provide irrigation water by and through such
2 facilities for application as described therein (Section 3.2(b)).

3 88. Upon information and belief, failure to properly replace the New Pump, risks
4 under-utilizing, and therefore, abandoning essential water rights.

5 89. The water rights to the Property are so unique that monetary remedies at law
6 would be inadequate.

7 90. The Association performed all of the duties and obligations required of it under
8 all the agreements, including the Water Facilities Agreement.

9 91. The Club must be ordered to replace the New Pump to protect the legitimacy of
10 water rights, which risk loss that would not necessarily be replaceable or purchased from a third-
11 party.

12 92. Therefore, the Association respectfully requests that the Club be ordered to
13 perform its duties and obligations required of it under the Water Facilities Agreement, by
14 immediately replacing the New Pump with a pump that is equal in value, quality, and use to the
15 Original Pump, and capable of exceeding a 400 gallons per minute (hereinafter, “gpm”) flow of
16 water in the well.

17 **SIXTH CAUSE OF ACTION**

18 **(Declaratory Relief)**

19 93. Plaintiff repeats and re-alleges, and incorporates by reference, all prior paragraphs
20 of this Complaint as though fully set forth herein.

21 94. A justiciable controversy has arisen and now exists between the Parties
22 concerning the Property and Damaged Area, specifically whether the Club was responsible for
23 the repair and/or replacement of the Damaged Area pursuant to the Purchase Agreement and the
24 Lease.

25 95. A justiciable controversy has arisen and now exists between the Parties
26 concerning the Property and Damaged Area, specifically whether the Club is required to
27 reimburse the Association the entire amount of the expenses incurred to repair the Damaged
28 Area and the related fees to cure the default under the Purchase Agreement and the Lease.

- 1 B. For an award of attorneys' fees and costs of suit as permitted by law and in
2 accordance with the agreements referenced herein;
3 C. Judgment in favor of Plaintiff and against Defendant;
4 D. Issuance of equitable relief as appropriate including, but not limited to,
5 replacement of the New Pump whereas not to further endanger the water rights
6 necessary to maintain the Property;
7 E. Issuance of equitable relief as appropriate including, but not limited to, an order to
8 turn over the Premises to Plaintiff;
9 F. A declaration of the Parties' rights and obligations;
10 G. For an award of pre-judgment and post-judgment interest; and
11 H. For any further relief that the Court may deem just and proper.

12 **AFFIRMATION**

13 Pursuant to NRS 239B.030(1), the undersigned does hereby affirm that this document
14 and any attachments do not contain personal information as defined in NRS 603A.040 about any
15 person.

16 DATED this 5th day of June, 2020

17 **WOLF, RIFKIN, SHAPIRO,**
18 **SCHULMAN & RABKIN, LLP**

19
20 By: /s/ Bradley S. Schragger

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